

House Study Committee on Reforming Real Property Taxation

October 23, 2018 Meeting Summary

The Appraisal Process

The House Study Committee on Reforming Real Property Taxation met on Tuesday, October 23, 2018 in room 403 of the Capitol. The scope of this meeting was defined to only include the process of appraising real property in the state of Georgia. During this meeting the committee heard testimony from the following:

- Ellen Mills - Director, Local Government Services Division, Georgia Department of Revenue
- Larry Ramsey - Deputy General Counsel, Association County Commissioners of Georgia
- Joel Wiggins - Government Relations Associate, Georgia Municipal Association
- Russ Madison - Revenue and Technology Director, City of Decatur
- Grant Hilton - Compliance Spec. Supervisor, Local Government Services Division, Georgia Department of Revenue
- Steve Swindell - Director of Legislative Affairs, Georgia Association of Assessing Officials, and Cherokee County Chief Appraiser
- Jet Toney – Principal, Cornerstone Communications Group, Representing the Georgia Affordable Housing Coalition

Ellen Mills provided a presentation regarding the property appraisal process in Georgia including the roles of the Department of Revenue (DOR) and county appraisal offices. Highlights of the presentation included the following:

- Roughly 3,000 people in county offices are working on property appraisals.
 - 25 people with DOR.
- Roughly 4.4 million properties are appraised each year in Georgia.
- Assessors are required by law to follow the DOR Appraisal Procedure Manual which includes International Association of Assessing Officers (IAAO) and the Uniform Standards of Professional Appraisal Practice (USPAP) standards.
- 144 counties use WinGap as their Computer Assisted Mass Appraisal (CAMA) Software.
 - WinGap is updated by DOR to include all law changes.
 - DOR provides training and assistance to all counties using WinGap.
 - Counties own WinGap and pay \$2,000 for the first year and \$1,500 for each year thereafter to support the software and provide assistance.
- PT-61 (Property transfer form) is a DOR form administered by the clerks of court.
 - Approximately 400,000 PT-61's are filed per year.
 - Sales data is compiled weekly by DOR and loaded to the WinGap system for counties to view.
- In a CAMA system, a neighborhood will be defined for each property. This can be multiple similar subdivisions or a standalone subdivision. The assessors decide how neighborhoods are delineated. A neighborhood could be one section of one street or the entire north area of a county, it just depends on the county.

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- The CAMA system includes fields to specify the features of a house (HVAC, wood deck, construction quality, etc.) using schedules to provide value to each of the features assigned to a property.
- The base schedules are developed to reflect a typical house in a typical area. Schedules may be updated annually, but it is up to the counties to update the schedules.
- Assessor may use the Marshall and Swift cost estimates as a reference, but they do not copy the tables directly.
- The DOR and Department of Audits complete sales ratio studies annually but the counties should be continually checking to ensure they are within 90 percent – 110 percent of fair market value. Laws and regulations do not specify how often counties should perform sales ratio studies.
- DOR reviews the county digests every three years. If a county fails the review, DOR will inform the county of the problem and work with them to correct the issue. If the same problem is found during the next review (3 years later), a penalty of \$5 per parcel is applied.

Larry Ramsey spoke to the committee regarding the report prepared by the Association County Commissioners of Georgia which contains general information on the significance of the ad valorem property taxation system to counties as well as details on structural components of the tax assessment system – particularly the appointment and removal rules for members of county Boards of Tax Assessors and Boards of Equalization. During his presentation, Mr. Ramsey made the following statements:

- Local governments do not have the authority to levy new taxes.
- Property taxes are the largest source of revenue for all counties in Georgia.
- Once appointed, members of the Boards of Assessors can only be removed for cause and that requires a county's Board of Commissioners to go before the Superior Court to remove the assessor from office.
- Boards of Commissioners can request DOR to appoint a performance review board to evaluate the county assessors.
 - Since 2000, there have been 33 requests for performance review boards.
 - Six assessors have been removed following the results of the performance review board.
- 100 property owners can sign on and file in Superior Court if they feel the Board of Assessors is not properly fulfilling their duties.

Joel Wiggins explained the role of cities in property tax administration and introduced Russ Madison who explained the impact of assessments performed by the county on the city operations. Mr. Madison's comments included the following:

- Statewide 27 percent of city revenue comes from property taxes; however, 85 percent of Decatur's revenue comes from property taxes.
- City of Decatur regularly receives files from the county with property values to estimate future revenues.

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Grant Hilton provided the committee with a detailed overview of the WinGap CAMA system which is supported by DOR and used by 144 counties. The presentation showed examples of how the quality grade of a house is determined as well as the following information:

- Base schedules used in WinGap should be updated at least every three years.
- Building grade is established for each property based on original build quality. An effective age can be placed on a property to account for maintenance and upkeep whether it is above or below average.
- The Chief Appraiser will assign neighborhoods for the county.
- Boards of Assessors are able to contract with independent appraisers.

Steve Swindell spoke to the committee and made himself available for any questions after the meeting.

Jet Toney addressed the low income housing tax credit program and made the following statements:

- There is a state and federal tax credit available to low income housing complexes.
- Income tax credits are used as a financing instrument for the builders.
- Over 100,000 low income housing tax credit units exist in Georgia.
- Mr. Toney thanked the assessors who recognize the income restrictions on low income housing tax credit properties. There are some assessors in Georgia that recognize the income restrictions and there are some others that do not.